



**Investment Office**

P.O. Box 2749

Sacramento, CA 95812-2749

Telecommunications Device for the Deaf - (916) 795-3240

(916) 795-3400

March 17, 2008

**AGENDA ITEM 8b**

**TO: MEMBERS OF THE INVESTMENT COMMITTEE**

- I. SUBJECT:** Credit Rating Agency Proposal
- II. PROGRAM:** Global Fixed Income
- III. RECOMMENDATION:** This item has been agendized at the request of the Treasurer for discussion and possible action.

**IV. ANALYSIS:**

By letter dated March 5, 2008, to CalPERS Investment Committee Chair Charles Valdes, California State Treasurer Bill Lockyer requested that this proposal be presented to the Investment Committee for consideration and possible action. Chair Valdes directed staff to agendize the item.

The proposal is a joint effort by municipal bond issuers and investors, requesting the three leading rating agencies (Fitch, Moody's, and Standard & Poor's) to reform their methods for rating government issued bonds. Attached are the following materials:

- March 5, 2008 letter from Treasurer Lockyer to Chair Valdes
- March 4, 2008 letter from representatives of various municipal bond issuers to rating agencies
- March 4, 2008 press release from Treasurer Lockyer's office
- New York Times March 3, 2008 article
- Bloomberg March 3, 2008 article

**V. STRATEGIC PLAN:**

This is not part of the Strategic Plan.

**VI. RESULTS/COSTS:**

This will depend on the Committee's discussion and action, if any, and has not yet been analyzed.

---

Russell Read  
Chief Investment Officer